

**City of Burien, Washington
Street Fund & Arterial Street Fund
Fund Descriptions, Significant Issues and Revenue & Expenditures Assumptions**

Fund Description

The Street and Arterial Street Funds are required by state law to account for dedicated state shared revenue. The Street Fund receives state motor vehicle fuel tax and revenue from business license fees, electric and cable franchise fees, and garbage utility fees and taxes. Funds are used for street maintenance. The Arterial Street Fund receives motor vehicle fuel funds to be used for construction, improvement, and repair of arterial highways and city streets.

The Street Fund forecast almost the same revenue as last year's forecast due to a reduction in miscellaneous revenue between last year and this year and an increase in Garbage Utility revenue due to a half year of administrative fee revenue in 2004 and a full year's amount of \$120,000 in succeeding years. The street maintenance contract with King County was reduced by \$60,000 during the 2004 budget process to more accurately reflect actual expenditures. The service level is held constant in this forecast and cost are assumed to grow at 6% per year.

Significant Issues

Fund Balance for Capital Projects: The forecast reserves an ending fund balance each year equal to 50% of current year recurring revenues, in accord with financial management policies. After reserving this balance, the amount available for capital projects is estimated at \$715,000 in 2004 and, \$367,000 in 2005, gradually declining to \$0 in 2010.

Vehicle License Fee: This revenue source was between \$250,000 and \$280,000 in past years. In 2002 a statewide initiative was passed effectively eliminating this tax. The issue of whether state voters have a right to overturn a tax voted upon by local voters was upheld and we will no longer be receiving this revenue. For the years 2003 to 2010 this lost revenue source will result in \$2,300,000 less funds available to fund the Transportation Capital Improvement Projects.

Seattle City Light Utility Revenue: Seattle City Light Revenue was conservatively estimated in prior years. With the significant rate increase in 2002 this revenue was \$597,000 in 2003. For 2004 this revenue source increased slightly to \$605,000 and held constant through the term of this financial plan.

Expenditure Assumptions

Inflationary Increases: The forecast applies a 3% annual inflation rate to operating costs and 6% to salaries.



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